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# Dealing With Iran—and Double-Dealing at Home

By Richard B. Straus

WASHINGTON

**N**ot content to deceive outsiders, the Reagan Administration is now caught lying to itself. Such is the inevitable result of the latest operation to emerge from the shadows of the National Security Council staff.

The undisputed fact that key White House personnel including Robert C. (Bud) McFarlane, former national security adviser, and Lt. Col. Oliver L. North, deputy director of political and military affairs, have been secretly negotiating with Iran has sent tremors through an unsuspecting bureaucracy. "This isn't diplomacy, it's treachery," said one furious member of the State Department.

Why such anger? Because by being caught negotiating with Iran, the Reagan Administration has in effect cut a wide swath through at least two firmly held and highly touted policies. The first is the war against terrorism.

After loudly castigating the French government for trying to fashion a unilateral deal with Syria that would produce the release of its nationals, Washington has gone Paris one better and dealt with Iran. "Call it what you will, but we are negotiating with the worst of the terrorists," said an outraged State Department official.

Even those scrambling to come up with a plausible explanation for these bizarre U.S.-Iranian dealings are hard-pressed to explain away the damage done to U.S. anti-terrorism policy. "We are breaking a basic tenet about dealing with terrorists, even if you use a different name," said one official at State. Another senior U.S. official admitted, with some understatement, "It will be harder to put pressure on the French."

But it is not only the Administration's cherished anti-terrorism policy that is threatening to come unraveled because of clandestine dealings with Iran. Also suddenly at risk is the objective of promoting a gradual end to the Iran-Iraq War. Recently there have been signs of war weariness in Iran as well as Iraq. Some experts contend that with the decline in oil prices and the new aggressive military tactics being pursued by Iraq, Iran's ability to wage war is being steadily eroded. And with it goes Iran's psychological edge, its superior morale. "Now in one fell swoop, the U.S. is boosting Iranian morale to unprecedented heights as we go hat in hand seeking a few hostages," lamented one State Department expert.

Even if this was not the intent of the secret talks, it nonetheless does not appear to be of great concern among some Administration insiders. In fact, a small number of key Administration officials have long sought to improve ties with Iran, whatever the cost. They see Iran as the great strategic prize in the region. As one policy-maker explained, "It is not in our interest to be cut off from Iran. We need to send signals that we are not implacably hostile." But at the same time most officials believe that the United States must also ensure an Iranian understanding that terrorism, hostage-taking and threats to its neighbors are still unacceptable.

Now, however, these messages appear to be lost in the rush to secure the release

of American hostages held by pro-Iranian extremists in Lebanon. And they are completely undermined when accompanied by plane-loads of American-built weapons.

Is it possible that those conducting the negotiations gave little thought to such ramifications? In fact, those in the know were few. Outside advice was neither solicited nor accepted. The entire State Department was kept ignorant of any planning, as were key Middle East experts throughout the government. "They managed to exclude all possible expertise," said an Administration official.

There was, however, a reputed expert definitely at the center of operations: North. But according to one informed source, "Ollie's only role was to skulk around and find a channel to the Iranians. He likes doing that sort of thing."

Although the planning was more than a year in the making, surprisingly few outside this inner circle had an inkling of what was going on. One expert who did was Graham Fuller of the Central Intelligence Agency.

Last July, Fuller circulated a study recommending increased contacts with Iran. When apprised that such an approach would undermine the Administration's terrorism policy, Fuller continued undeterred. But officials with even more direct responsibility for Middle East matters and anti-terrorism efforts were kept completely in the dark.

Those who did catch a glimmer of the planning were quickly discouraged from any kind of involvement. Even Secretary of State George P. Shultz turned a blind eye to the planning, although it affected his cherished anti-terrorism policy and his painstaking efforts to tilt U.S. policy toward Iraq in hopes of bringing the

Iran-Iraq War to an end. "Shultz knew what was going on, didn't like it but chose not to become involved," said one informed source.

A possible explanation for Shultz's uncharacteristic reticence could have been his awareness of President Reagan's deep personal interest in securing the release of American hostages. "The maltreatment of the hostages has had an impact on Ronald Reagan," admitted one official.

While the President's concern for the personal safety of his fellow citizens is commendable and admirable, the same could not be said for his grasp of the implications these sort of talks may have on wider U.S. interests. As one State Department official put it, "Is it worth risking the history of the Persian Gulf for the sake of a few individuals?"

Meanwhile, the Iranians have given away little. For a few hostages ("who are like crumbs on a table to the Iranians," said one Middle East expert), the Iranians have exposed the soft underbelly of Reaganism. More practically, they have kept their U.S.-built F-4 Phantom aircraft flying, at least 50 of them. And now they're on the verge of concluding a \$1.3-billion arms deal with China—a deal that, significantly, the Iranians were unable to pull off before they began talking to Administration representatives about the hostages.

Finally, as the Iranians must be aware, when the deals are complete and North, McFarlane and all remaining American hostages come home, there will still be more than a few intrepid, if not foolhardy Americans wandering down the back streets of the Middle East. □

Richard B. Straus, a Washington-based journalist, is editor of the Middle East Policy Survey.

## NSC Document Urged Easing Of Embargo

By Molly Moore  
Washington Post Staff Writer

The National Security Council circulated a top-secret document in June 1985 recommending that the United States ease its worldwide arms embargo against Iran and encourage some allies to sell selected military equipment to Tehran to cultivate closer ties with certain Iranian government factions, informed sources said yesterday.

When the proposal, which had been prompted by a CIA internal memo, reached the desk of Defense Secretary Caspar W. Weinberger, he scribbled on the document, "This is absurd," sources said.

The Central Intelligence Agency memorandum, dated May 17, 1985, was a response to growing U.S. concerns that the United States was lagging behind the Soviet Union in cultivating Iranian contacts that could be useful in the event of the overthrow or death of Ayatollah Ruhollah Khomeini, sources said.

The NSC staff then took the memorandum—which one source

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said was sent by CIA Director William J. Casey—and developed a broader proposal for a National Security Strategy Directive (NSSD). A draft of that plan was sent to the White House and distributed to Weinberger and Secretary of State George P. Shultz for comment, according to sources.

The proposal recommended that the United States encourage its Western allies to help Iran by establishing commercial trade, including the sale of selected military equipment on a case-by-case basis, sources said. The plan also suggested that the United States relax a worldwide arms-sale embargo against Iran, which was known in the U.S. government as Operation Staunch.

Weinberger, in a written response to then-national security adviser Robert C. McFarlane, recommended that the United States

change none of its policies toward Iran until after Khomeini was no longer in power.

The CIA memorandum made no reference to American hostages or resuming U.S. arms sales to Iran, according to sources. It is unclear whether the subsequent NSSD draft proposal was a factor in what became the covert operation approved by the White House to sell arms to Iran as part of an effort to improve relations and free U.S. hostages held by pro-Iranian terrorists in Lebanon.

It also is unclear how Shultz responded to the NSSD draft. Shultz reportedly joined Weinberger seven months later, in January 1986, in opposing President Reagan's secret diplomatic overtures to Tehran. In recent days, Shultz has become increasingly vocal in his opposition to sending arms to Iran, and sources said Weinberger has not changed his opinion since the January meeting.

Reagan said last week that plans to explore Iranian contacts began 18 months ago, about the time of the exchange of documents among the CIA, NSC, White House, Pentagon and State Department.

The NSC draft proposal was dated three days after the June 14, 1985, hijacking of a TWA flight to Beirut. The White House eventually came to recognize that Iran was a key player in obtaining the release of several of the hijacked hostages.

The CIA memorandum concentrated on the failure by the United States to identify factions within Iran who were potentially sympathetic to Western concerns, sources said. The report noted that U.S. intelligence on the internal workings of Iran was sketchy. It also indicated that the CIA believed the Syrians were strengthening their influence by establishing strong contacts with the Iranian government, according to sources.

The CIA document also was

based on a belief by some that the Khomeini regime was on the verge of collapse and that the United States should be in a position to "move first" if the opportunity arose, sources said.

The proposal suggested the United States and Western nations make inroads by taking advantage of the political situation in Iran, proving relations with certain factions there and avoiding that would exacerbate poor relations, according to sources.

Some administration officials involved in reviewing the proposal said that if the United States developed contacts in Iran, it would be "left out in the cold" if another revolution came, sources said.

Sources said Weinberger told the CIA assumption of an imminent revolution or change in the Iranian government was wrong, for him to label the suggestion "absurd."

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